

**Report and
Financial Statements**
for the year ended 31 July 2013

**Ealing, Hammersmith
& West London College**

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Contents

	Page Number
Operating and Financial Review	2 - 9
Statement of Corporate Governance and Internal Control	10 - 15
Statement of the Responsibilities of the Members of the Governing Body	16
Independent Auditors Report to the Governing Body of Ealing, Hammersmith & West London College	17 - 18
Independent Auditors Report on Regularity to the Governing Body of Ealing, Hammersmith & West London College	19
Consolidated Income and Expenditure Account	20
Consolidated Statement of Historical Cost Surpluses and Deficits	21
Consolidated Statement of Total Recognised Gains and Losses	21
Balance Sheets as at 31 July	22
Consolidated Cash Flow Statement	23
Notes to the Accounts	24 - 44

Operating and Financial Review

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2013.

Legal status

The Governing Body was established under the Further and Higher Education Act 1992 for the purpose of conducting Ealing, Hammersmith & West London College. The College is an exempt charity for the purpose of the Charities Act 2011.

Our Learner First Commitment

Central to our approach is our commitment to putting the learner first.

What makes Ealing, Hammersmith and West London College different is that for us the Learner First Commitment is a reality: everything we do starts and ends with our learners, whoever or wherever they are.

No matter how challenging the circumstances, or how difficult the situation, we always make our decisions on the basis of their impact on learning and their value to the learner. Our aim is to ensure that learners can access the power of learning that gives currency, enriches their lives and increases their choices and chances of futures in an increasingly unstable world. We dedicate ourselves to creating learners who are reflective, confident and autonomous and who, in so doing, become the first choice of employers, universities and other providers.

Our core values provide us with a framework through which we put this commitment into effect:

- We put learners at the heart of everything we do
- We believe diversity is an asset to learning
- We value and celebrate the pleasure of learning and support students and staff in meeting their potential
- We treat students and staff as individuals, listening, respecting and responding to their needs
- We provide a safe and inspiring environment in which to work and study
- We value our students beyond their time at the College and will, wherever possible, continue to support them for as long as they need us
- We value the importance of meeting the needs of employers, partners and our local community through responsive, innovative and high quality services

Activities

The College has redesigned its structure to focus on 13 core curriculum departments, led by the Vice Principal Curriculum and Student Success and reporting to the Principal:

- Caring Services & Foundation Learning Department
- Science, technology, Engineering and Mathematics (STEM)
- Building & Construction
- Information and Communications Technology (ICT)
- Service Industries
- Creative Arts & Media
- Humanities & Social Sciences
- Professional Development & Teacher Training

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

- English for Speakers of Other Languages (ESOL)
- Skills for Life
- Learners with learning Difficulties & Disabilities (LLDD)
- Business, Management and Enterprise
- Higher Education Development and Access

These curriculum areas are supported by a number of professional service departments, a commercial training unit and a language school.

Financial Position and Resources

The results for the year ended 31 July 2013 show:

- a operating deficit after FRS17 adjustments of £4,125,000.
- a year-end cash balance of £5,264,000
- revenue reserves after Pension deficit rising from £16,988,000 to £18,152,000
- additions to fixed assets of £4,299,398
- The total net book value of fixed assets is £81,342,775

Income

The College's main income is from the Skills Funding Agency (SFA) and the Education Funding Agency (EFA) with a total £40,008K received from these organisations during 2012/13. The College has continued to work hard to run courses which meet the wishes of both our main funders, reflecting its view of national priorities, and local needs, and to do so with improved results and increasing efficiency. We have been successful in doing so, but it is a constant challenge to balance the interests of our students (actual and prospective) with those of the funding agencies, while maintaining sound finances in the context of frequently-changing funding methodologies.

The Governing Body has set the College a long-term challenge of reducing its dependency on SFA and EFA funding by increasing the income we earn from other sources, both within the public sector and through commercial training for employers. We are making good progress with this objective: core funding for Adults and Young People now accounts for 76% of total income, compared with 84% in 2006/07.

Liquidity

The Governing Body has set the College two liquidity targets: cash days (number of days expenditure represented by the cash balance) of 50 days and a current ratio (current assets divided by current liabilities) of 1.75. At 31 July 2013 these figures were 35 and 0.65 respectively, with the current ratio affected by the large amount of prepaid overseas fees carried forward in creditors. Sector benchmarks are 35 cash days and a current ratio of 1.5.

The College continues to monitor its cash position closely. As long as the College continues to achieve a close to break-even position at the operating level, we should continue to have an adequate cash balance. We are examining a long term solution to strengthen our cash reserves.

Ealing, Hammersmith & West London College

Report and Financial Statements for the year ended 31 July 2013

Our Estate

In income terms, the College is more than 70% larger now than it was 10 years ago at the time of merger. To achieve this growth we have invested over £60m to make our estate and other assets amongst the best in the college sector.

Now that the Capital Programmes from the funding bodies have been significantly reduced, the College has developed a revised Estates Strategy reflecting that future developments will largely be funded by the College's own resources, and any Renewal and College Capital Investment Fund Grants that become available from time to time.

The College continues to invest in a programme of smaller scale projects each year worth around £1m, especially where it is clear that increased resources will lead to improved enrolment, retention and, most importantly, achievement and employability. This commitment together with the College's increased investment in computer and other equipment is making an important contribution to improving the learning environment and maintaining the value of our physical assets.

Our Local Context

The College operates in an area of high socio-economic contrast: with over 1.6million residents, West London comprises large pockets of high social deprivation, alongside some areas of high prosperity. There are notable concentrations of unqualified and poorly qualified residents in some areas (e.g. parts of Brent, Hounslow and Hillingdon which are on the boundary of the College's two local boroughs) and across some ethnic groups (Bangladeshi, Black Caribbean, and Irish) which relate to patterns of social exclusion and deprivation.

With 338,000 residents, the London Borough of Ealing is the third most populous borough in London. Ealing is the 4th most diverse borough in the UK with more than 100 languages are spoken. 51% of residents are from an ethnic minority, compared to 14% nationally, and 41% across London. About 29 percent of the minority ethnic community describe themselves as Asian. Within this, the largest minority group is of Indian origin, which accounts for 14 percent of the Borough's total population. 14% of Ealing residents live with a long term illness, health problem or disability, which limits their daily activities or the work they can do. Predictions show Ealing will experience a steady population growth over the next twenty years; during this time the number of residents aged 85 and over will more than double.

Hammersmith and Fulham is the smallest West London borough, home to a population of 182,500. The Borough has some of the highest average house prices within London, but on the other hand is ranked as the 13th most deprived local authority in the country and there are significant pockets of deprivation largely concentrated on the larger social housing estates, such as the White City area. The numbers of young adults (ages 25-39) is particularly high compared to the national average. The proportion of people from different ethnic minority groups is higher in Hammersmith and Fulham than both the London and national averages, including one of the largest Irish populations in the country. The Borough occupies a favourable location in on the fringes of central London and is attractive to a variety of businesses. It has enjoyed significant growth in employment and economic activity over the last three decades with the central Hammersmith area becoming an important sub-regional location for offices. Several large scale redevelopment projects (e.g. at Earl's Court/West Kensington, White City) are planned and the borough is projected to see amongst the largest population and employment growth in London over the next 20 years.

Our Learners

In 2012/13 the College enrolled 26,407 students, of which more than three quarters (82.5%) were 19 or over. Of the 5,147 full time students, 48.9% were aged 16-18. 25.3% of students were from

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

backgrounds formally designated as “disadvantaged” and 80% of students were of non-white British heritage, with over 100 nationalities and around 70 different languages represented.

Our students followed courses in all of the 15 Skills Funding Agency subject sector areas in 2012/13. The largest provision, 43% of enrolments, was in the areas of Preparation for Life and Work (which includes ESOL). The areas of Languages, Literature and Culture and Business, Administration and Law were next largest with 10% and 9% of total enrolments. The College remains one of the largest providers of ESOL in the UK. The majority of learners studied qualifications at Level 2 or below (equivalent to 5 GCSEs at grade A* to C), 42% of enrolments were at Entry or Level 1 and 20% of enrolments were at Level 2.

The College's International Centre has retained its position as market leader for global recruitment to the UK FE sector for the seventh year. The IC underwent a full UKBA compliance inspection and was deemed to be compliant on all procedures and offering a sector standard service. The unit maintained Highly Trusted licence recognising its standards of recruitment, attendance and retention of overseas students. The licence was granted with enhanced status of holding a premium service relationship with the Home Office and the ability to recruit children. Parallel to this service has been the introduction of 8 new courses and modifications to existing programmes to ensure that the College's portfolio remains current and relevant to existing and potential markets. The College delivered the first Bachelor degree programme (Business) and has extended its Master's Degree portfolio with the introduction of MA Trade & Finance. The College has developed its offer in South America resulting in 289 enrolments, making WEHWLC the most successful UK FE recruiter in the region. SUMMER School saw an increase of 22% and the first group arriving for summer – with a rebooking for a new winter school offer. The IELTS offer has remained strong with numbers of students tested at our centres during the month of June (4,000) outstripping China to position the centre as the largest single test centre in the world.

Principal Risks and Uncertainties

The College's Risk Management Policy was adopted for the first time in 2002/3 and has since then operated through a Risk Management Group comprising governors and senior managers. The Group developed a comprehensive Risk Register, which is reviewed on a termly basis. The financial implications for these and other risks in the Risk Register are explored in the sensitivity analysis within the Financial Forecasts. In summer 2009, the Governing Body decided that Risk Management would be better overseen by its Audit Committee, which is better placed to take a wider view. The Committee formally reviews the Risk Register at each of its termly meetings.

The principal risks faced by the College are in the areas of:

Funding – meeting student number targets, particularly in priority areas and responding to changes in Government policy. These risks are mitigated through regular review by management and governors of the College's student numbers and targets, with curriculum interventions made where there is a likely shortfall in enrolments

Competition – ensuring we compete effectively with other providers, particularly in respect of commercial and contestable work. The College has reviewed its employer and partner engagement model during the year and is preparing a revised strategy.

Quality – the need to build on existing achievement and success rates and to deliver continual improvement in students' results. Success rates and achievement are reviewed continually by management and interventions made if it is clear that learners need additional support.

Cash-flow – the College's cash reduced from £13,769,000 to £5,264,000 during the year. Cash is rigorously monitored and the College is in discussions with the bank regarding an overdraft facility to protect itself against unforeseen cash requirements.

Working with others

Ealing, Hammersmith & West London College works with many others to achieve our goals. These include:

- Students
- funding bodies, particularly the Education Funding Agency and the Skills Funding Agency
- local authorities
- other arms of national and London government
- employers
- local schools
- local voluntary and community bodies
- other colleges, both individually and through their representative bodies
- professional bodies and other education experts
- trades unions

These relationships are important to us and we work continually to improve them.

Equal opportunities

The College operates under the ethical framework and principle of 'Learner First' and seeks to reflect this in all aspects of its strategy and work. We are committed to our College values and uphold and promote equality of opportunity for all.

We welcome our duties under the Equality Act 2010 to treat everyone equally and fairly, advance equality of opportunity and foster good relations in relation to protected groups, these are age, gender, marital status/civil partnership, transgender, sexual orientation, race, colour, nationality, ethnic origin, national origin, pregnancy/maternity, religion/belief, or disability.

Our guiding commitments/principles aim to ensure that all our services, course and programmes and working practices are available without discrimination, harassment or victimisation.

We aim to share our successes with others celebrating learner achievement and our diversity.

The College reviews its equality policies on a regular basis and in accordance with legislative developments and good practice. As part of a review, the College seeks to engage stakeholders, including recognised trade unions and appropriate equality bodies.

We aim to ensure that all protected groups of learners and staff have a voice.

Annually the College will publish sufficient information to demonstrate its compliance with the general equality duty and the effect that College policies and practices have had on people who share a relevant protected characteristic.

The College formulates and publishes specific and measurable objectives, based on the evidence we have collected and published. The objectives take into account national and local priorities as appropriate.

We keep our equality objectives under review and report annually progress towards achieving them.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Corporate Governance

I am very grateful to all those who have served and continue to serve on the Board, for their dedication and hard work. I would like to thank also the many others who have supported the College through our construction employers advisory group, as visiting lecturers, by offering work placements, and in many other ways: this support is enormously valuable to us.

Staff

Our staff are vital to our success, and I want to pay tribute to them all - managers, lecturers and support staff, - across all four main campuses and those 'off-site', who have worked so effectively to make the College the success that it is today.

We work hard to maintain staffing at relatively stable levels, and to re-deploy staff whose posts are under threat of redundancy.

Disability Statement

We are committed to ensuring that all our learners are given every opportunity to succeed on their course. Providing the appropriate support to enable learners or potential learners with a disability and/or learning difficulty to have the same chance as all other learners to successfully complete their studies.

The College seeks to achieve this through the requirements set out in the Equality Act 2010 Part 6, Education provisions.

To achieve this, the College:

- Provides impartial, accurate and timely information to help learners make an informed decision about their course
- Recognises that everyone is an individual, and will work with learners to identify barriers to studying and make reasonable adjustments to remove them
- Provides the opportunity to access additional learning support should it be required
- Is committed to ensuring that no student is disadvantaged in their programme of study by disability and/or learning difficulty
- Is committed to the development and improvement of buildings, facilities and equipment
- Is committed to the development of skills, knowledge and understanding of staff to meet the needs of students with a disability and/or learning difficulty.

In addition:

- A programme of work to improve access is identified through our annual Access Audit
- We have a range of specialist equipment, lighting and audio facilities to support students for their individual use and also at our Additional Learning Support & Learning Centres. We purchase other specialist equipment when this is required
- An Admissions policy for all students is described in the College's Disability Statement. Appeals against a decision not to offer a place are dealt with under the complaints policy
- A number of Learner Support Assistants are in place who provide support for learning
- A programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities; and in response to departmental requests is provided
- Supported Learning programmes are set out in College's Annual Prospectus
- Achievements and destinations are recorded and published
- Counselling and welfare services that are described at Student Induction and through Learner Services literature that is widely available.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

This statement should also be read in conjunction with the College's Single Equality Scheme that sets out our duties and the actions/objectives we have agreed to advance equal opportunities, to eliminate discrimination for current and potential students meeting our obligations under Equality Legislation. Other documents to read include our Disability Statement and the Equal Opportunities Policy.

Auditors

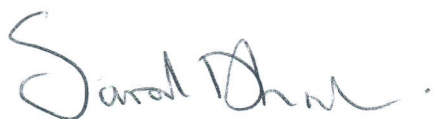
On 1 October 2013, RSM Tenon Audit Limited changed its name to Baker Tilly Audit Limited.

The audit report of the financial statements has been issued by Baker Tilly Audit Ltd.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Governing Body on 12th December 2013 and signed on its behalf by:



Sarah Dhanda
Chair of the Governing Body

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Operating and financial review continued

Professional advisers

Financial statement and regularity auditors:

Baker Tilly Audit Limited
Vantage, Victoria Street
Basingstoke RG21 3BT

Internal auditors:

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London NW1 2EP

Bankers:

Barclays Bank PLC
Barclays Education Team
1 Churchill Place
Canary Wharf
London E14 5HP

Solicitors:

Eversheds LLP
1 Wood Street
London EC2V 7WS

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Foundation Code.

In the opinion of governors, the College complies with all the provisions of the Foundation Code, in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2013. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes account of the English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in March 2012.

Governors who served on the Governing Body during the year and up to the date of signature of this report are listed below.

Members of the Governing Body 1 August 2012 - 12 December 2013)

Name	Date of Appointment	Term of Office	Date term ended or resigned	Officer positions Committees Served Company Directorships Attendance at Governing Body meetings: Number attended / meetings eligible from Sept 2012- October 2013
Sarah Dhanda	01/08/2013	31/07/2016		Chair Governing Body (from 12/9/2012); Finance & General Purposes and Remuneration; Appointments & Development Attendance: 7/7
Paula Whittle Principal	29/09/2008	While Principal		Finance & General Purposes; Quality & Performance Monitoring; Appointments & Development; Director Barons Court Enterprises Ltd. Attendance: 7/7
Valarie Amato	21/10/2010	31/12/2013		Quality & Performance Monitoring; Audit Attendance: 6/7
Paula Bailey Staff Governor	06/03/2012	31/07/2015	16/08/2013	Quality & Performance Monitoring Attendance: 5/6
Melbourne Barrett	15/12/2011	31/12/2014	31/10/2013	Finance & General Purposes and Remuneration Attendance: 5/6
Julia Clements-Elliott	01/01/2011	31/12/2013		Chair of Appointments & Development; Chair of the Governing Body (to 11/09/2012) Attendance: 5/7
Jim Conybeare - Cross	18/07/2013	31/07/2016		Finance & General Purposes and Remuneration Attendance: 1/2
Hilary Cowell	01/01/2011	31/12/2013		Vice-Chair Governing Body (12/09/2012-31/07/2013) Vice-Chair Quality & Performance Monitoring (to 31/07/2013) Finance & General Purposes and Remuneration Attendance: 7/7
Richard De St Croix Staff Governor	01/09/2013	31/07/2016		Quality & Performance Monitoring Attendance: 1/1

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Lucy D'Orsi	01/11/2011	31/12/2014	24/09/2013	Attendance: 0/0
Shad Hoshyar	25/10/2013	31/07/2014		Quality & Performance Monitoring Attendance: 0/0
Andrew Jackson Student Governor	23/10/2012	31/07/2013		Quality & Performance Monitoring Attendance: 1/4
Rachel Kirsch Staff Governor	18/07/2013	31/07/2016		Quality & Performance Monitoring Attendance: 1/2
Iain Mackinnon	01/01/2011	31/12/2013	31/07/2013	Chair Finance & General Purposes and Remuneration and Vice-Chair (to 31/07/2012); Director Barons Court Enterprises Ltd (resigned 18 Oct 2013) Attendance: 4/5
Robert Morley	18/07/2013	31/07/2016		Attendance: 2/2
Abdiqani Muse Student Governor	23/10/2012	31/10/2013		Quality & Performance Monitoring Attendance: 1/4
Brian Reeves	26/05/2011	31/07/2014		Chair Audit Attendance: 5/7
Aparajitaa Richards Student Governor	25/10/2013	30/09/2014		Quality & Performance Monitoring Attendance: 0/0
Christine Whatford	05/07/2012	31/07/2015		Chair Quality & Performance Monitoring Attendance: 7/7
Richard Willmer Staff Governor	29/09/2011	31/07/2014		Quality & Performance Monitoring Attendance: 2/4
Jonathan Grant	26/05/2011	31/07/2014		External co-optee to Audit Attendance at Audit committee: 4/4

Corporate Governance

Governors are appointed in accordance with the Statutory Instrument and Articles of Government for Further Education Corporations. The membership includes five internal places: the Principal, two elected student and two elected staff Governors. All Governors serve in a voluntary capacity and are unpaid. The roles of Chair and Vice-Chair of the Governing Body are separated from the role of the College's Chief Executive, the Principal. Matters reserved to the Governing Body for decision are set out in the Instrument and Articles and under the Financial Memorandum with the Young People's Learning Agency and the Skills Funding Agency.

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body requires Governors to be provided by the Principal with regular and timely information on the overall financial performance of the College together with other information such

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Governing Body meets at least once a term and in 2012-13 met five times.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These Committees are: Finance and General Purposes, Remuneration, Audit, Appointment and Development of Members of the Governing Body (search) and Quality and Performance Monitoring. Minutes of meetings except those deemed to be confidential by the Governing Body, in accordance with Freedom of Information criteria, are available following approval on the College's website.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

Clerk to the Corporation

The Clerk to the Corporation is Jane Hadsel. The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is made available on the College website.

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Board as a whole.

Formal agendas, papers and reports are required to be sent to Members in a timely manner prior to Governing Body and Committee meetings. The Governing Body receives reports annually on Health and Safety and Equal Opportunities. Briefings are also provided on an ad-hoc basis.

Appointments to the Governing Body

The Appointment and Development of Members of the Governing Body Committee (search) advises on the appointment and re-appointment of Governors. New appointments and re-appointments are a matter for the consideration of the Board as a whole. Governors are appointed for a term of office normally for three years, not exceeding 4 years.

Audit Committee

The Audit Committee operates in accordance with written terms of reference approved by the Governing Body. Its purpose is to advise the Governing Body on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets at least once a term; in 2012-13 it met three times. It provides a forum for reporting by the College's internal and external auditors, who have access to the Committee for independent discussion without the presence of College management. The auditors present letters of management prior to the Committee's recommendations to the Board. The Committee also receives and considers reports from the funding bodies as they affect the College's business. The Committee considers these detailed reports together with recommendations for the improvement of the College's systems of internal control and the management's responses and implementation plans. The Principal and senior managers attend the meetings as necessary; they are not members of the committee.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Management is responsible for the implementation of agreed recommendations and undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Governing Body on the appointment of internal and financial statement auditors and their remuneration.

Finance & General Purposes Committee

The Finance & General Purposes Committee meets at least once a term; in 2012-13 it met five times. It fulfils its main responsibilities including making recommendations to the Governing Body about the annual budget, monitoring performance in relation to the approved budget, the College companies, VAT, cash flow forecasts, investment policy, financial regulations. Under delegated authority from the Governing Body it approves the framework for terms and conditions for the College's staff except for senior post holders.

The Remuneration Committee

The Remuneration Committee meets at least once a year; in 2012-13 it met once. It advises the Board on the remuneration of the College's senior post holders and monitors their appraisals. In 2012-13 the senior post holders were the Principal, the two Deputy Principals and the Clerk to the Corporation.

The Quality and Performance Monitoring Committee

The Quality and Performance Committee meets at least once a term; in 2012-13 it met five times. It advises the Governing Body on the framework for the College's quality assurances processes and reporting structures; and monitors performance against targets.

Details of remuneration for the year ended 31 July 2013 are set out in note 6 to the financial statements.

Internal Control

Scope of responsibility

The Governing Body is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the Skills Funding Agency and its successor organisations. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

of internal control has been in place in Ealing, Hammersmith & West London College for the year ending 31 July 2013 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2013 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Body
- regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Ealing, Hammersmith & West London College has an internal audit service, which operates in accordance with the requirements of the LSC's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the audit committee. At a minimum annually, the Head of Internal Audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements and the regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Based on the advice of the Audit Committee and the Principal, the Governing Body is of the opinion that, with the exception of financial management information, management of subcontractors and outsourced payroll provision, the College has an adequate and effective framework for governance, risk management and control and has an action plan in place to ensure that it fulfils its statutory

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets.

Going Concern

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the Members of the Governing Body on 12th December 2013 and signed on its behalf by:



Sarah Dhanda
Chair of the Governing Body



Paula Whittle
Principal

Statement of the Responsibilities of the Members of the Governing Body

The Members of the Governing Body are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Governing Body of the College, the Governing Body, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and with the Accounts Direction for 2012-13 financial statements issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Governing Body is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare an operating and financial review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Governing Body must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure that they are used properly. In addition, members of the Governing Body are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from Skills Funding Agency are not put at risk.

Approved by order of the members of the Governing Body on 12th December 2013 and signed on its behalf by:



Sarah Dhanda
Chair of the Governing Body

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Independent Auditors' Report to the Governing Body of Ealing, Hammersmith & West London College

We have audited the Group and College financial statements of Ealing, Hammersmith & West London College for the year ended 31 July 2013 which comprises the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, as a body, in accordance with the Financial Memorandum published by the Chief Executive of Skills Funding and our engagement letter dated 18 August 2011. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 18 August 2011 to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Members of the Governing Body of Ealing, Hammersmith & West London College and Auditors

As explained more fully in the Statement of the College's Governing Body responsibilities set out on page 17, the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of our engagement letter dated 18 August 2011, Audit Code of Practice issued by the Learning and Skills Council and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements:

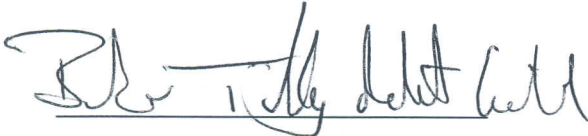
- give a true and fair view of the state of the Groups' and College's affairs as at 31 July 2013 and of the Group's deficit for the year ended; and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice issued by the Learning and Skills Council requires us to report to you if, in our opinion:

- proper accounting records have not been kept, and
- the financial statements are not in agreement with the accounting records.



Baker Tilly Audit Limited

19/12/13

Date

Chartered Accountants
Vantage, Victoria Street
Basingstoke RG21 3BT

**Independent Auditors' Report on Regularity to the Governing Body of
Ealing, Hammersmith & West London College ('the Governing Body')
and the Skills Funding Agency**

In accordance with the terms of our engagement letter dated 18 August 2011 and further to the requirements of the Skills Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure (disbursed) and income (received) of Ealing, Hammersmith & West London College ('the College') during the year ended 31 July 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the Chief Executive of Skills Funding in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation and the Chief Executive of Skills Funding those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Chief Executive of Skills Funding, for our work, for this report, or for the opinion we have formed.

**Respective responsibilities of the Members of the Governing Body of Ealing,
Hammersmith & West London College and Auditors**

The College's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, and the financial memorandum for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice and the Regularity Audit Framework 2006/07 issued by the LSC and are to obtain reasonable assurance and report in accordance with our engagement letter and the Regularity Audit Framework 2006/07. We report to you whether, in our opinion, in all material respects, the College's expenditure disbursed and income received during the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

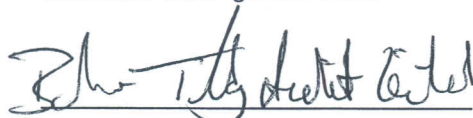
We conducted our review in accordance with the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice and the Regularity Audit Framework 2006/07 issued by the LSC.

We performed a reasonable assurance engagement as defined in our engagement letter.

Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In all material respects the expenditure disbursed and income received during the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



Baker Tilly Audit Limited

Chartered Accountants
Vantage, Victoria Street
Basingstoke RG21 3BT



Date

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

**Consolidated Income and Expenditure Account
for the Year Ended 31 July 2013**

Consolidated Income and Expenditure Account for the Year Ended 31 July 2013	Notes	Year Ended 31 July 13 £000	Year Ended 31 July 12 £000
Income			
Funding body income	2	40,008	43,756
Tuition fees and Education Contracts	3	11,134	11,257
Other income	3a	1,250	1,407
Investment income	4	53	137
Total Income		52,445	56,557
Expenditure			
Staff costs	5	37,561	36,702
Other operating expenses	7	15,630	16,727
Depreciation	11	2,811	3,104
Interest and other finance costs	8	567	522
Total Expenditure		56,569	57,055
Deficit on continuing operations after depreciation of assets at valuation but before tax and exceptional items		(4,124)	(498)
Tax	9	-	-
Deficit for the year retained within general reserves		(4,124)	(498)

The income and expenditure account is in respect of continuing activities

Consolidated Statement of Historical Cost Surpluses and Deficits

Consolidated Statement of Historical Cost	Notes	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Deficits			
Deficit on continuing operations before and after taxation and after exceptional items		(4,124)	(498)
Difference between historical cost depreciation and the actual charge for the year calculated on the devalued amount	19	634	634
Historical cost (deficit)/surplus for the year before and after taxation		(3,490)	136

Consolidated Statement of Total Recognised Gains and Losses


Consolidated Statement of Total Recognised Gains and Losses	Notes	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Deficit on continuing operations after depreciation of assets at valuation and tax		(4,124)	(498)
Actuarial gain/(loss) in respect of pension scheme	27	4,654	(5,576)
Total recognised gains/(losses) since last report		530	(6,074)
Reconciliation			
Opening reserves		49,354	55,428
Total recognised gains/(losses) for the year		530	(6,074)
Closing reserves		49,884	49,354

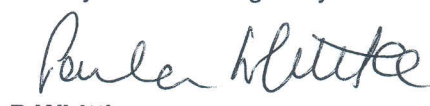
Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Balance Sheets as at 31 July

Balance Sheets as at 31 July	Notes	Group 31 July 13 £000	College 31 July 13 £000	Group 31 July 12 £000	College 31 July 12 £000
Fixed Assets					
Tangible assets	11	81,343	81,343	79,853	79,853
Investments		-	-	-	-
	12				
Total Fixed Assets		81,343	81,343	79,853	79,853
Current Assets					
Debtors and Stock	13	2,162	2,162	1,740	1,740
Investments	12	3,492	3,492	10,800	10,800
Cash at bank and in hand		1,773	1,773	2,969	2,969
Total current assets		7,427	7,427	15,509	15,509
Less: Creditors - amounts falling due within one year		(11,441)	(11,441)	(9,241)	(9,241)
Net current (liabilities)/assets	14	(4,013)	(4,013)	6,268	6,268
Total assets less current liabilities		77,330	77,330	86,121	86,121
Less: Creditors - amounts falling due after more than one year	15	(1,024)	(1,024)	(5,884)	(5,884)
Less: Provisions for liabilities	17	(1,606)	(1,606)	(1,604)	(1,604)
Net assets excluding pension liability		74,700	74,700	78,633	78,633
Net pension Liability	27	(11,379)	(11,379)	(15,314)	(15,314)
NET ASSETS INCLUDING PENSION LIABILITY		63,321	63,321	63,319	63,319
Deferred capital grants	18	13,437	13,437	13,965	13,965
Reserves					
Income and expenditure account excluding pension reserve	20	29,531	29,531	32,302	32,302
Pension reserve	27	(11,379)	(11,379)	(15,314)	(15,314)
Income and expenditure account including pension reserve	20	18,152	18,152	16,988	16,988
Revaluation Reserve	19	31,732	31,732	32,366	32,366
Total Reserves		49,884	49,884	49,354	49,354
TOTAL FUNDS		63,321	63,321	63,319	63,319

The financial statements on pages 20 to 44 were approved by the Governing Body on 12th December 2013 and were signed on its behalf by:


S Dhanda
Chair of the Governing Body


P Whittle
Principal

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the Year Ended 31 July 2013	Notes	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Cash flow from operating activities	21	(3,510)	3,327
Returns on investments and servicing of finance	22	(243)	(120)
Capital expenditure and financial investment	23	(4,299)	(1,818)
Management of liquid resources	24	7,308	(2,300)
Repayment of deferred VAT		(398)	(390)
Financing	25	(267)	(250)
Decrease in cash in the year		<u>(1,409)</u>	<u>(1,551)</u>

Reconciliation of net cash flow to movement in net funds	Notes	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Decrease in cash in the year		(1,409)	(1,551)
Placing of term deposits	24	(7,308)	2,300
Cash outflow from unsecured loan	25	267	250
Movement in net funds in the year		(8,450)	999
Net funds at 1 August		9,018	8,019
Net funds at 31 July (including overdraft)		<u>568</u>	<u>9,018</u>

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the Accounts

1 Accounting Policies

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) the Accounts Direction for 2012/13 financial statements and in accordance with applicable Accounting Standards.

Basis of accounting

These financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash-flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College took out an unsecured loan of £6,000,000 in December 2006 and due to a breach of covenant has, in accordance with Financial Reporting Standard 25, restated the loan as due within one year.

The College has implemented an action plan to address the current issues and accordingly has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries Ealing Tertiary College Property Services Limited (2012 only) and Barons Court Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2013.

Recognition of income

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors, for example local businesses, authorities and charities. Provisions are made to carry forward receipts for overseas fees, which relate to a period extending beyond the year-end.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers Pensions Scheme (TPS) and the London Pensions Fund Authority (LPFA). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27 the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LPFS are measured using closing market values. LPFS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in the pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible fixed assets

Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related assets on a basis consistent with the depreciation policy.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

On adoption of FRS15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997 and 1999, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Equipment

Equipment, not part of a capital project or part of a block purchase of computers, which costs less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Assets, other than buildings, are depreciated over their useful economic life as follows:

Building Improvements

7 to 13 years

Motor vehicles and general equipment

4 to 10 years

Computer equipment

4 years

Furniture and fittings

4 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

Investments

Listed investments held as fixed assets are stated at market value. Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

Taxation

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act 1998 (ICTA 1998). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1998 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of value added tax. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the EFA and SFA and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 30, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs two members of staff dedicated to the administration of Learner Support Fund applications and payments.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts Continued

2 Funding Body Grants	Notes	Year ended 31 July 13 TOTAL £000	Year ended 31 July 12 TOTAL £000
SFA and EFA		39,195	41,840
HEFCE recurrent grant		285	506
Releases of deferred capital grants	18	528	528
Main funding non recurrent grants		-	-
Other funding non recurrent grants		-	882
Total funding body grants		40,008	43,756
Payments to College Partners		4,500	4,198
 3 Tuition fees and educational contracts	 Notes	 Year ended 31 July 13 £000	 Year ended 31 July 12 £000
Tuition fees		9,670	10,142
Education Contracts		1,464	1,115
Total		11,134	11,257
 3a Other income	 Notes	 Year ended 31 July 13 £000	 Year ended 31 July 12 £000
Misc income		1,250	1,407
 4 Investment income	 Notes	 Year ended 31 July 13 £000	 Year ended 31 July 12 £000
Bank interest receivable		53	137
Total investment income		53	137

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts Continued

5 Staff Costs

Staff Numbers	Notes	Year ended 31 July 13 Number	Year ended 31 July 12 Number
The average number of persons (including senior post-holders) employed by the College during the year, described as full-time equivalents, was:			
Teaching staff		430	440
Non teaching staff		390	390
Total staff numbers		820	830
Staff costs for the above persons		Year ended 31 July 13 £000	Year ended 31 July 12 £000
Wages and salaries		27,278	26,794
Social security costs		2,270	2,227
Other pension costs including FRS17 £448k (2012: £116k)		3,667	3,317
Payroll sub total		33,215	32,338
Contracted out staffing services		4,223	4,043
		37,438	36,381
Restructuring costs		123	321
Total staff costs		37,561	36,702

Senior post-holders

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

The number of senior post-holders and other staff who received emoluments, (excluding pension contributions and benefits in kind for Other Staff, including them for Senior Staff) in the following range was:	Senior Post Holders		Other Staff	
	2013 Number	2012 Number	2013 Number	2012 Number
£ 00,001 - £ 10,000	-	-	-	1
£ 10,001 - £ 20,000	-	-	-	1
£ 20,001 - £ 30,000	-	-	-	-
£ 30,001 - £ 40,000	-	1	1	1
£ 40,001 - £ 50,000	2	-	-	-
£ 50,001 - £ 60,000	-	-	1	1
£ 60,001 - £ 70,000	-	-	2	4
£ 70,001 - £ 80,000	-	1	2	2
£ 80,001 - £ 90,000	-	-	2	1
£ 90,001 - £100,000	-	1	1	-
£100,001 -£110,000	-	-	-	-
£110,001 - £120,000	-	-	1	-
£120,001 - £130,000	1	-	-	-
£150,001 - £160,000	1	1	-	-
Total	4	4	10	11

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

6 Senior post-holders' emoluments

Senior post-holders are defined as the Principal and holders of other senior posts to whom the Governing Body have selected for the purpose of the articles of government of the College relating to the appointment and promotion of staff.

The number of senior post-holders including the Principal was

	Year ended 31 July 13 Number	Year ended 31 July 12 Number
Total	4	4

Senior post-holders' emoluments are made up as follows

	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Salaries	323	371
Benefits in kind	0	0
Pension contributions	47	52
Total emoluments	370	423

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder):

	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Salary	140	140
Benefits in kind	-	-
Total	140	140
Pension contributions	20	20

The pension contributions in respect of the Principal and Senior Post-Holders are in respect of employer's contributions to the London Pensions Fund Authority or the Teacher's Superannuation Scheme and are paid at the same rate as for other employees.

There was no general pay award made to all staff and the last one was 01 February 2012. Two of the senior post-holders, including the Principal waived their entitlement to this award in 2012.

No bonuses were paid to Senior Post-Holders and other higher-paid staff in the year (2012 £nil).

The members of the Governing Body, other than the Principal and staff governors, did not receive any payment from the College other than the reimbursement of travel and subsistence incurred in the course of their duties.

7 Other operating expenses

	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Teaching costs (including payment to subcontractors)	5,400	5,315
Non-teaching costs	5,982	6,926
Premises costs	4,248	4,486
Total other operating expenses	15,630	16,727

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

Other operating expenses include:

	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Auditors' remuneration		
Financial statement audit	34	30
Internal audit	41	41

8 Interest payable

	Year ended 31 July 13 £000	Year ended 31 July 12 £000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	296	257
FRS17 - Pension finance cost (note 27)	271	265
Total interest payable	567	522

9 Taxation

	Year ended 31 July 13 £000	Year ended 31 July 12 £000
United Kingdom corporation tax	-	-
Total taxation	-	-

10 Exceptional items

	Year ended 31 July 13 £000	Year ended 31 July 12 £000
The deficit for the year has been arrived at after taking into account the following exceptional items		
Staff costs: exceptional staff costs	-	-
Total exceptional items	-	-

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

11 Tangible fixed assets College and group	Land & Buildings £000	Plant & Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
At 1 August 2012	110,706	4,991	5,962	121,659
Additions	3,439	194	666	4,299
Disposals	(4,110)	(1,797)	(1,945)	(7,852)
At 31 July 2013	110,036	3,388	4,683	118,107
Depreciation				
At 1 August 2012	32,702	4,287	4,817	41,806
Charge for year	1,771	403	637	2,811
Eliminated in respect of disposals	(4,110)	(1,797)	(1,945)	(7,852)
At 31 July 2013	30,363	2,893	3,509	36,764
Net book value at 31 July 2013	79,674	495	1,174	81,343
Net book value at 1 August 2012	78,004	704	1,145	79,853
Inherited	31,732	-	-	31,732
Financed by capital grant	13,402	35	-	13,437
Other	34,540	460	1,174	36,174
Net book value at 31 July 2013	79,674	495	1,174	81,343

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementation of FRS15. Accordingly the book values at implementation have been retained.

The land and buildings of Hammersmith and West London College were valued as at 31 July 1999 and the land and buildings of Ealing Tertiary College were valued as at 31 July 1997. Both these valuations were made, by firms of independent chartered surveyors, at depreciated replacement cost. Currently the funding bodies do not require further property valuations to take place. Other tangible assets, inherited from the LEA at Incorporation, have been valued by the College on a depreciated replacement cost basis.

Land and buildings with a net book value of £13,402,000 have been funded from capital grants. Should these assets be sold, the College would either have to surrender the sale proceeds to the funding bodies or use them in accordance with the financial memorandum with the funding bodies. If these land and buildings had not been re-valued they would have been included with a net book value of nil. Included in land and buildings is inherited land valued at £9,170,000, which is not depreciated.

The College currently has no grant-aided major capital building projects outstanding and all grants receivable have now been received.

The subsidiary company has no tangible fixed assets.

A major task undertaken this year was to rewrite the Fixed Assets Register and then to write out obsolete records, which gives rise to the write-offs seen in Cost and Depreciation records.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

12 Investments

Investment in subsidiary companies

	College Year ended 31 July 13	College Year ended 31 July 12
Cost	£4	£4

The College owns 100% of the ordinary £1 shares of Barons Court Enterprises Limited which is dormant. It previously owned 100% of the shares of Ealing Tertiary College Property Services Limited, which was dissolved on November 13 2012, having been dormant for several years. Both companies were incorporated in England and Wales.

Current investments at cost

	College and Group Year ended 31 July 13 £000	Year ended 31 July 12 £000
Term Deposits	3,492	10,800
Total current investments at cost	3,492	10,800

13 Debtors:

Debtors	Group Year ended 31 July 13 £000	College Year ended 31 July 13 £000	Group Year ended 31 July 12 £000	College Year ended 31 July 12 £000
Amounts falling due within one year				
Trade debtors	677	677	569	569
Other debtors	85	85	33	33
Prepayments and accrued income inc stocks	1,400	1,400	1,138	1,138
Amounts owed by SFA/EFA	-	-	-	-
Amounts owed by group undertakings:				
Subsidiary undertaking	-	-	-	-
Total debtors	2,162	2,162	1,740	1,740

14 creditors amounts falling due within one year

Creditors: amounts falling due within one year	Group Year ended 31 July 13 £000	College Year ended 31 July 13 £000	Group Year ended 31 July 12 £000	College Year ended 31 July 12 £000
Bank loans and overdrafts	497	497	267	267
Long term Bank loan restated in accordance with FRS 25	4,200	4,200	0	0
Trade creditors	2,478	2,478	1,622	1,622
Payments received in advance	602	602	1,467	1,467
Amounts owed to SFA/EFA	-	-	286	286
VAT deferment schemes	566	566	588	588
Other taxation and social security	1,329	1,329	1,390	1,390
Accruals	1,769	1,769	3,621	3,621
Total creditors falling due within one year	11,441	11,441	9,241	9,241

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

15 Creditors: amounts falling due after more than one year	Group	College	Group	College
	Year ended 31 July 13 £000	Year ended 31 July 13 £000	Year ended 31 July 12 £000	Year ended 31 July 12 £000
Bank loans	-	-	4,484	4,484
VAT deferment schemes	1,024	1,024	1,400	1,400
Total creditors falling due after more than one year	1,024	1,024	5,884	5,884

The College is operating a number of VAT deferment schemes which generally allowed the College to recover VAT incurred on major building projects quarterly whilst having the benefit of the VAT being repayable over a set number of years. From September 2007 the payback period was reduced to 10 years (from 20 years). The figures above are the amounts calculated as repayable after more than one year.

16 Borrowings

Bank borrowings	Group	College	Group	College
	Year ended 31 July 13 £000	Year ended 31 July 13 £000	Year ended 31 July 12 £000	Year ended 31 July 12 £000
Bank loans and overdrafts are repayable as follows:				
In one year or less	497	497	267	267
Between one and two years	302	302	284	284
Between two and five years	949	949	966	986
In five years or more	2,949	2,949	3,234	3,234
Total bank loan outstanding	4,697	4,697	4,751	4,751

The College took out a £6,000,000 unsecured loan with Barclays Bank in December 2006. Quarterly capital repayments with interest started on 1 December 2006 and will end on 2 September 2024. A fixed interest rate of 6.28% is applicable to this loan. Due to a breach of covenant and in accordance with Financial Reporting Standard 25 the loan has been restated as due within a year. The restatement represents an accounting adjustment and not a change in the terms of the loan. As at 31 July 2013 the loan is technically repayable on demand, however, since the year end the College has received a waiver from the bank against the breach.

17 Provisions for liabilities and charges

	College and Group	Total
	Enhanced Pensions £000	£000
At 1 August 2012	1,604	1,604
Expenditure in the year	(96)	(96)
Transferred from income and expenditure account	98	98
At 31 July 2013	1,606	1,606

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

18 Deferred Capital Grants

	Funding Bodies £000	College and Group Other Grants £000	Total £000
At 1 August 2012			
Land and buildings	11,770	1,981	13,751
Equipment	214	-	214
	<u>11,984</u>	<u>1,981</u>	<u>13,965</u>
Cash receivable	-	-	-
Land and buildings	-	-	-
Released to income and expenditure account			
Land and buildings	300	49	349
Equipment	179	-	179
	<u>479</u>	<u>49</u>	<u>528</u>
At 31 July 2013			
Land and buildings	11,470	1,932	13,402
Equipment	35	-	35
	<u>11,505</u>	<u>1,932</u>	<u>13,437</u>

Analysis of capital grants receivable from the SFA during 2012/2013

£000

Net receipt in respect of renewal grant

-

-

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

19 Revaluation reserve	Group Year ended 31 July 13 £000	College Year ended 31 July 13 £000	Group Year ended 31 July 12 £000	College Year ended 31 July 12 £000
At 1 August	32,366	32,366	33,000	33,000
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(634)	(634)	(634)	(634)
At 31 July	<u>31,732</u>	<u>31,732</u>	<u>32,366</u>	<u>32,366</u>
 20 Movement on general reserves	 Group Year ended 31 July 13 £000	 College Year ended 31 July 13 £000	 Group Year ended 31 July 12 £000	 College Year ended 31 July 12 £000
Income and expenditure account reserve				
At 1 August	16,988	16,988	22,428	22,428
Deficit on continuing operations after exceptional items	(4,124)	(4,124)	(498)	(498)
Transfer from revaluation reserve	634	634	634	634
Past service pension cost	-	-	-	-
Actuarial gain/(loss) in respect of pension scheme	4,654	4,654	(5,576)	(5,576)
At 31 July	<u>18,152</u>	<u>18,152</u>	<u>16,988</u>	<u>16,988</u>
Balance represented by:				
Pension reserve	(11,379)	(11,379)	(15,314)	(15,314)
Income and expenditure account reserve excluding pension reserve	29,531	29,531	32,302	32,302
At 31 July	<u>18,152</u>	<u>18,152</u>	<u>16,988</u>	<u>16,988</u>
 21 Reconciliation of consolidated operating (deficit) to net cash inflow from operating activities	 Notes	 Year ended 31 July 13 £000	 Year ended 31 July 12 £000	
(Deficit) on continuing operations after depreciation of assets at valuation		(4,124)	(498)	
Exceptional items	10	-	-	
Depreciation	11	2,811	3,104	
Deferred capital grants released to income	18	(528)	(528)	
Interest receivable	4	(53)	(137)	
Interest payable	8	296	257	
FRS17 pension cost less contributions payable		448	(119)	
FRS17 pension finance income		271	265	
(Increase)in debtors	13	(422)	(237)	
Increase/(decrease) in creditors	14	(2,211)	1,202	
Increase in provisions	17	2	18	
Net cash (outflow) inflow from operating activities		<u>(3,510)</u>	<u>3,327</u>	

The above figures include adjustments to the balance sheet movements for non-cash provisions.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

22 Returns on investments and servicing of finance	Year ended 31 July 13 £000	Year ended 31 July 12 £000		
Bank interest received	53	137		
Interest paid	(296)	(257)		
Net cash outflow from returns on investments and servicing of finance	(243)	(120)		
23 Capital expenditure and financial investment	Year ended 31 July 13 £000	Year ended 31 July 12 £000		
Purchase of tangible fixed assets	4,299	(1,918)		
Deferred capital grants received	-	100		
Deferred VAT received	-	-		
Net cash outflow from capital expenditure and financial investment	(4,299)	(1,818)		
24 Management of liquid resources	Year ended 31 July 13 £000	Year ended 31 July 12 £000		
Withdrawal of or (Placing) of deposits	7,308	(2,300)		
Net cash inflow/ (outflow) from management of liquid resources	7,308	(2,300)		
25 Financing	Year ended 31 July 13 £000	Year ended 31 July 12 £000		
Repayment of bank loan in the year	(267)	(250)		
Net cash outflow from financing	(267)	(250)		
26 Analysis of changes in net funds	At 1 August 2012 £000	Cash flows 2013 £000	Other Changes 2013 £000	At 31 July 2013 £000
Cash at bank and in hand less overdraft	2,969	(1,409)		1,560
Current asset investments	10,800	(7,308)		3,492
Bank loan due within one year (required by FRS25)	(267)	267	(4,484)	(4,484)
Bank loan due after one year	(4,484)	-	4,484	-
Total	9,018	(8,450)	-	568

Notes to the accounts continued

27 Pensions and Similar Obligations

The College's employees belong to two pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the London Pensions Fund Authority (LPFA) scheme for non-teaching staff. Both are defined benefit schemes.

Total pension cost for the year	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Teachers Pension Scheme:		
Contributions paid	2,022	1,998
LPFA Scheme:		
Contributions paid	1,195	1,203
FRS17 charge	448	116
	1,643	1,319
Enhanced pension charge to the Income and Expenditure Account (staff costs)	2	-
	<u>3,667</u>	<u>3,317</u>
Total pension cost for the year	<u>3,667</u>	<u>3,317</u>

Teachers Pension Scheme

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was in March 2004 and of the LGPS 31 March 2010.

Teachers Pension Scheme

The Teachers' Pension Scheme ('TPS') is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the Unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pension Regulations require an annual account, The Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' pension Scheme

Not less than every four years the Government Actuary ('GA'), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

Notes to the accounts continued

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ('SCR') is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to the TPS in the year amounted to £2,022,000 (2012: £1,998,000)

FRS17

Under the definitions set out in Financial Reporting Standard (FRS17) Retirements Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contributions rates.

The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, with its assets being held in Funds, overseen by Administering Authorities. Ealing, Hammersmith & West London College is a member of the fund administered by the London Pensions Fund Authority (LPFA). The total contribution made for the year ended 31 July 2013 was £1,658,000 of which the employer's contribution totalled £1,203,000 and the employees' contributions totalled £455,000. The agreed contribution rates for future years are 16.9% for employers and variable between 5.25% and 7.50% for employees.

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

FRS17

The following information is based upon a full actuarial valuation of the fund at 31 March 2010, updated to 31 July 2013, by an independent qualified actuary.

Principal actuarial assumptions as at	At 31 July 13 % Per ann.	At 31 July 12 % Per ann.
Rate of increase in salaries	4.30%	3.50%
Rate of increase for pensions in payment/inflation	2.6%	1.80%
Discount rate for scheme liabilities	4.8%	3.90%
Inflation assumption	2.6%	1.80%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

Life expectancy	At 31 July 13 Years	At 31 July 12 Years
Retiring today		
Males	20.6	20.4
Females	24.0	23.8
Retiring in 20 years		
Males	22.6	22.4
Females	25.9	25.7

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

The estimated College's share of the assets and liabilities in the scheme and the expected rate of return were:

London Pensions Fund Authority	Long-term rate of return expected at 31 July 13 % P. a.	Value at 31 July 13 £000	Long-term rate of return expected at 31 July 12 % P.a.	Value at 31 July 12 £000
Equities	6.4%	15,146	6.8%	18,443
Target return portfolio	4.9%	9,345	4.5%	2,598
Cash Flow Matching	3.40%	4,834	-	-
Alternative assets	5.4%	2,578	5.8%	4,156
Cash	0.5%	322	3.0%	779
Other bonds	n/a	-		
Total market value of assets	5.2%	32,225	6.2%	25,976
Present value of scheme liabilities				
Funded		(43,561)		(41,252)
Unfunded		(43)		(38)
Deficit in the scheme		(11,379)		(15,314)

Analysis of the amount charged to income and expenditure account	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Employer service cost (net of employee contributions)	1,643	1,319
Total operating charge	1,643	1,319
Analysis of pension finance costs		
Expected return on pension scheme assets	1,372	1,572
Interest on pension liabilities	(1,643)	(1,837)
Pension finance (costs)	(271)	(265)
Amount recognised in the statement of total recognised gains and losses (STRGL)	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Actual gains/(losses) on pension scheme assets	3,633	(1,277)
Actual gain/(loss) on pension scheme liabilities	1,021	(4,299)
Actuarial gain/(loss) recognised in STRGL	4,654	(5,576)

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

Asset and Liability Reconciliation

Movement in deficit during the year	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Deficit in scheme at 1 August	(15,314)	(9,357)
Movement in year:		
Employer service cost (net of employee contributions)	(1,643)	(1,319)
Employer contributions	1,195	1,203
Net return on assets/interest	(271)	(265)
Actuarial gain/(loss)	4,654	(5,576)
Deficit in scheme at 31 July	(11,379)	(15,314)

Reconciliation of assets	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Assets at start of year	25,976	24,836
Expected return on assets	1,372	1,572
Actuarial gain/(loss)	3,633	(1,277)
Employer contributions	1,195	1,203
Employee contributions	475	455
Benefits paid	(426)	(813)
Assets at end of year	32,225	25,976

Reconciliation of liabilities	Year ended 31 July 13 £000	Year ended 31 July 12 £000
Liabilities at start of year	41,290	34,193
Service cost	1,643	1,319
Interest cost	1,643	1,837
Employee contributions	475	455
Actuarial gain / (loss)	(1,021)	4,299
Benefits paid	(426)	(813)
Past service cost	-	-
Liabilities at end of year	43,604	41,290

History of experience gains and losses	Year ended 31 July 13 £000	Year ended 31 July 12 £000	Year ended 31 July 11 £000	Year ended 31 July 10 £000	Year ended 31 July 09 £000
Difference between the expected and actual return on assets	3,633	(1,277)	75	635	(2,814)
Experience gains on scheme liabilities	(7)	(1)	5,967	8	-
Changes in financial liability assumptions	1,028	(4,298)	(3,029)	(1,463)	(3,240)
Total amount recognised in STRGL	4,654	(5,576)	3,013	(820)	(6,054)

Ealing, Hammersmith & West London College
Report and Financial Statements for the year ended 31 July 2013

Notes to the accounts continued

The estimated value of employer contributions for the year ended 31 July 2014 is £1,205,000.

LBE Superannuation Fund

At 1 January 2002 the non-teaching staffs of Ealing Tertiary College who were members of the London Borough of Ealing Superannuation Fund were, in principle, transferred to the London Pension Fund Authority scheme. In practice however, those members who agreed to this were not transferred until July 2003.

At this point in time the capital value of the funds in the LBE scheme supporting the pension rights of the transferees has not been calculated or agreed and the FRS 17 figures above do not include an estimate of this value. It was agreed, however, that should there be a shortfall in the funds transferred to preserve benefits in the LPFA scheme then the funding bodies would make good this difference. In view of this it would be reasonable to assume that the £11,379,000 deficit at 31 July 2013 would not be worse had the transfer of funds been made.

28 Capital commitments

	Group and College	
	Year ended	Year ended
	2013	2012
	£000	£000
Commitments authorised and contracted for at 31 July		
Minor contracts	-	101
Commitments authorised and contracted for at 31 July	-	101

29 Related party transactions

Due to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations it is inevitable that transactions will take place with organisations in which a Member of the Governing Body may have an interest. All transactions involving organisations in which a Member of the Governing Body may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

30 Amounts disbursed as agent

Learner Support Funds

	College and Group	
	Year ended	Year ended
	31 July 13	31 July 12
	£000	£000
Funding body grants – vulnerable learners	146	-
Funding body grants – hardship funds	518	1,028
Funding Body Grants - discretionary	568	-
Funding body grants - childcare	494	336
	1,726	1,364
Disbursed to students	(1,655)	(1,225)
Administration fee	(86)	(68)
Balance (overspent)/unspent	(15)	71

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure Account.

Notes to the accounts continued

31 Contingent Liabilities

There is an on-going liability in respect of over and under declarations of pension deductions from employees and the College as employer for the Teachers Pensions Scheme. This has accrued over a number of years due to errors by the College's payroll supplier. We are in discussion with the supplier to establish liability. Until this is resolved there remains a considerable liability on the College for these arrears and compound interest, where it is not easy to calculate values but a provision of £150,000 has been made (2012 £150,000).